

**Statement of Mark Rey  
Under Secretary, Natural Resources and Environment  
United States Department of Agriculture  
Before the House Appropriations Subcommittee on Agriculture, Rural  
Development, Food and Drug Administration, and Related Agencies  
March 13, 2003**

Mr. Chairman and Members of the Committee, I am pleased to appear before you today to present the Fiscal Year 2004 budget and program proposals for the Natural Resources Conservation Service (NRCS) of the Department of Agriculture (USDA). I would like to express gratitude to the Chairman and members of this body for ongoing support of private lands conservation. It is with great pleasure that I introduce new members of the NRCS leadership to the Committee for the first time. With me this morning are Mr. Bruce I. Knight, Chief of the NRCS; Mr. Thomas A. Weber, who is serving as the Associate Chief of NRCS, Mr. Gerald Patterson, who is the acting agency Budget Director, and Mr. Stephen B. Dewhurst from USDA's Budget Officer. Also here this morning is Dr. R. Mack Gray, Deputy Under Secretary for Natural Resources and Environment.

**Performance and Results**

Mr. Chairman, before I highlight our future vision for FY 2004, I wanted to take a moment to mention our diligent work in accountability and results measurement for the funds provided by Congress last year. I am proud of the strong efforts that NRCS has made in the past year under the leadership of Chief Knight on performance and results as

well as making NRCS more accessible to farmers, ranchers and the general public. I believe we are offering greater value to taxpayers, and can demonstrate increased accountability to Congress as well.

For FY 2002, USDA received a clean audit opinion for all Department financial statements.

This clean rating was the result of our staff overcoming many hurdles such as ascertaining by appraisal the costs of real property, cleaning up years of neglect in personal property, accelerating month-end time tables in order to prepare reports, and correcting cash imbalances with the Department of Treasury. NRCS employees worked many nights and week-ends to ensure the accuracy of reports and to correct state data that was in the system, leading to the unqualified opinion.

### **Looking Ahead**

Mr. Chairman, last year at this time, we discussed the Administration's views for the future of agriculture policy and outlined several conservation provisions of *Food and Agriculture Policy: Taking Stock for the New Century*. A year later, virtually all of the Administration's conservation principles have been advanced in the form of the new Farm Bill. This Farm Bill represents historic opportunities, but it also represents a historic challenge for our natural resource professionals.

The 2002 Farm Bill contains many new conservation programs designed to protect and enhance the environment. The Department is now faced with the demanding task of implementing this Farm Bill which provides more than \$17 billion in new funding over the next 10 years. The 2004 budget request in the conservation area recognizes the importance of this task, as well as the need to continue to support underlying programs to address the full range of conservation issues at the national, State, local and farm level.

The 2004 budget request for NRCS includes \$1.2 billion in appropriated funding, and \$1.4 billion in mandatory CCC funding for the Farm Bill conservation programs, including \$850 million for the Environmental Quality Incentive Program. The appropriation request includes \$577 million for conservation technical assistance for the base programs that support the Department's conservation partnership with State and local entities. One new element in the NRCS account structure, proposed initially in a 2003 budget amendment, is a new Farm Bill Technical Assistance Account that will fund all technical assistance costs associated with the implementation of all the Farm Bill conservation programs. In 2004, this new appropriation account is requested at \$432 million.

The 2004 budget for NRCS will also enable the agency to maintain support for important ongoing activities such as addressing the problems associated with polluted runoff from animal feeding operations and providing specialized technical assistance to land users on grazing lands. In addition, limited increases will be directed to other high priority activities such as addressing air quality problems in noncompliance areas.

### **Technical Assistance**

Technical Assistance funding for conservation programs has been the subject of ongoing controversy for several years and a topic of interest to this Subcommittee. An FY 2003 Budget amendment provided a long-term solution to the technical assistance issue by establishing a new Farm Bill Technical Assistance account and dedicating additional resources for this purpose. We appreciate Congress taking proactive steps to deal with the long-standing problem of technical assistance for Farm Bill conservation programs in the Consolidated Appropriations Resolution for FY 2003.

**Conservation Operations (CO).** The 2004 budget proposes \$704 million for CO which includes \$577 million for conservation technical assistance (CTA). This will continue the agency's activities that support locally led, voluntary conservation through the unique partnership that has been developed over the years with each conservation district. This partnership provides the foundation on which the Department addresses many of the Nation's critical natural resource issues such as maintaining agricultural productivity and water quality and leverages additional investment from non-Federal sources.

The CTA budget will also enable NRCS to increase support for certain activities as well as maintain funding for ongoing high priority work. For example, increases are provided in the budget for additional specialized staff and training to help address air quality problems in areas that are not in compliance with national air quality standards; to

enhance the Customer Service Toolkit which provides NRCS field staff with the geographic data and technical tools that they need to adequately deliver farm bill conservation and other field programs; and to establish a monitoring and evaluation regiment that will provide more meaningful performance goals and measures for farm bill conservation programs.

Last year, I pointed out the excellent customer service ratings that NRCS staff have received from independent analysis. Mr. Chairman, I believe that NRCS can continue and build upon this level of excellence, if they are given the right support and the needed resources as provided in the President's budget request.

Given the challenges presented in the Farm Bill, I suggest the following areas of emphasis:

- Provide adequate support for Farm Bill implementation through a dedicated Technical Assistance account.
- Further leverage assistance for our conservation partners and through the new Technical Service Provider system. These new sources of technical assistance will complement our existing delivery system.
- Ensure adequate support for Conservation Operations, with an emphasis on developing technical tools and streamlining efforts to gain efficiencies where possible.

Mr. Chairman, in summary, we all know that we are trying to plan for the future under an atmosphere of increasingly austere budgets and with a multitude of unknowns on the domestic and international fronts. But I believe that the Administration's FY 2004 request reflects sound policy and will provide a greater level of stability to the vital mission of conservation on private lands. The budget request reflects sound business management practices and the best way to work for the future and utilize valuable conservation dollars.

I thank Members of the Subcommittee for the opportunity to appear, and would be happy to respond to any questions that Members might have.